

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6837**

**BILL NUMBER: SB 2**

**NOTE PREPARED:** Mar 8, 2021

**BILL AMENDED:** Mar 1, 2021

**SUBJECT:** Funding for Virtual Instruction in Public Schools.

**FIRST AUTHOR:** Sen. Raatz

**FIRST SPONSOR:** Rep. Slager

**BILL STATUS:** As Passed House

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill establishes a definition of "virtual instruction" for purposes of determining a school corporation's basic tuition support using the:

- (1) 2020 fall count; and
- (2) 2021 spring count; of average daily membership.

**Effective Date:** July 1, 2020 (retroactive).

**Explanation of State Expenditures:** *Tuition Support:* Under the bill, a student receiving 50% or more of their instruction in a virtual environment counts as a virtual student in the February 2021 ADM count unless both of the following are true:

- 1. The student was not counted as a virtual student in the FY 2020 February ADM count.
- 2. The student is not enrolled in a virtual charter school or a dedicated virtual education school in February of 2021.

The bill's impact is dependent upon schools' decisions regarding in-person, virtual, or hybrid learning models in response to the pandemic. If public schools had a similar portion of their students learning virtually in February as they did in September, the bill would increase state expenditures by approximately \$161 M. Under the bill, total state tuition support expenditures would still be projected to be about \$192 M less than the appropriation for FY 2021.

**Additional Information** - ADM is a measure of the number of students that are enrolled and expected to attend a given school on a given date. The ADM is measured twice per school year, once in September, and again in February. Under current law, students receiving 50% or more of their instruction online are

considered virtual students. Schools receive 85% of the foundation amount, which is about \$4,848, for each virtual student, compared to the \$5,703 schools receive for each non-virtual student. Under the SBOE's modification to the state tuition support rule that applied to the September ADM, a student receiving 50% or more of their instruction in a virtual environment counts as a virtual student unless both of the following are true:

1. The student was not counted as a virtual student in the FY 2020 February ADM count.
2. The student is not enrolled in a school that was a virtual charter school in February of 2020.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Under the bill, public schools' revenue from state tuition support could increase by approximately \$157 M, assuming public schools have a similar portion of their students learning virtually in February as they did in September. *[See Explanation of State Expenditures.]*

**State Agencies Affected:** Department of Education.

**Local Agencies Affected:** Public schools.

**Information Sources:** Department of Education, LSA education database. State Board of Education: <https://www.in.gov/sboe/files/September%202020%20News%20Release.pdf>

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